

Oversight Report

The Speaker has lead the oversight process for the 2012/13 financial year, which complies with the MFMA and NT guidance with an Oversight Committee. The oversight report is scheduled to be adopted on 31 March 2014.

In-Year Reporting

The municipality submits the various reports required in accordance with the MFMA to the Executive Mayor, Council, and National Treasury on an on-going basis

Supply Chain Management Policy (SCM)

A Supply Chain Management Policy has been adopted and implemented in accordance with the MFMA and National Treasury guidelines. All the required committee structures are in place and are functioning. Whilst the municipality is working at making these new processes operate more efficiently and effectively, it is considered that the municipality is currently complying with the MFMA and NT guidelines.

Budget and Treasury

A Budget and Treasury Office has been established in accordance with the MFMA and NT requirements, consisting of a CFO and municipal officials reporting to the CFO.

1.4 BUDGET PROCESS OVERVIEW

The Budget process started in August 2013 after the approval of a timetable and strategy to guide the preparation of the 2014/15 to 2016/17 operating and capital budgets.

The timetable provided broad timeframes for the IDP and Budget preparation process. It allows for consultation with stakeholders, such as the elected public representatives, ward committees, the community, state departments, the district municipality, business and labour, during March/ April&May 2014.

The consultation will take the form of a series of public meetings in the various wards under the direction and leadership of the Mayor and the Mayoral Committee. After taking into account the inputs of the aforementioned consultations, the Mayor will table the IDP and Budget for final approval at a council meeting to be held on 30 May 2014.

The Service Delivery and Budget Implementation Plan is the mechanism that ensures that the IDP and the Budget is aligned.

1.5 ALIGNMENT OF BUDGET WITH IDP

The Integrated Development Plan (IDP) determines and prioritises the needs of the community. All the plans for Sunday's River Valley municipality form the basis of the 5 year IDP and are particularly strong on integration consultation and public participation. The plan provides a comprehensive Spatial Development Framework which sets a basis for integrated implementation in a system approach

The 2014/15 to 2016/17 Operating and Capital Budgets were prepared in accordance with the IDP. The key strategic focus areas of the IDP are as follows:

- Service delivery under conditions of good governance
- Financial planning and Viability
- Institutional Development and Transformation
- Local Economic Development
- Good governance and public participation

The abovementioned strategic focus areas informed the preparation of the Budget.

After the tabling of the budget, a series of meetings will be held throughout the municipal area to consult with the elected public representatives. The feedback flowing from these meetings will be referred to the relevant departments for their attention.

Below is a table, which illustrates the link between the Budget and the IDP.

1.6 BUDGET RELATED POLICIES.

The budget has been prepared on the basis of Circular 72 of the MFMA. The following policies have been reviewed as they have an impact on the development of the budget.

1. Tariff Policy
2. Rates Policy
3. Budget Policy

1.7 BUDGET STRATEGY & ASSUMPTIONS

Budget Strategy

The following guidelines were used to compile the 2014/15 to 2016/17 Operating and Capital budgets:

- (a) That the annual increases for the 2014/15 to 2016/17 draft Operating Budget be limited to the following and be reviewed during the process, if considered necessary:
 - o The overall increase in operating expenditure is based on the projected CPIX of 6, 2%.
 - o The overall increase in employee related costs be aligned to finalized agreement by the SALGBC at 6,8% and make provision for critical posts to address service delivery targets
 - o Repairs and Maintenance expenditure is limited to 8% and increase allocations as a priority, the plant and machinery that we have, to be fully utilised in terms of repairs of roads.
 - o Rates and tariff escalations be limited to 6%

Budget assumptions

Budget assumptions/parameters are determined in advance of the budget process to allow budgets to be constructed to support the achievement of the longer-term financial and strategic targets.

The following principles and guidelines directly informed the compilation of the Budget:

- The priorities and targets in relation to the key strategic focus areas as determined in the IDP.
- The level of property rates and tariff increases to take into account the need to address maintenance and infrastructural backlogs, including the expansion of services.
- An assessment of the relative capacity to implement the Budget.
- No budget allocation has been made to programmes and projects, unless the respective programme and project plans have been submitted by the relevant Directors.
- The need to enhance the municipality's revenue base.

The multi-year budget is therefore underpinned by the following assumption

UMASIPALATI SUNDAYS RIVER VALLEY SUNDAYS RIVER VALLEY MUNICIPALITY

1.8 FUNDING OF THE BUDGET

The budget is funded from two major sources:

- Realistic expected revenue from operations (Property rates and service charges)
- Grants and subsidies (cash backed allocations from government)

Fiscal Overview

1.8.1 2012/13 Actual and 2013/14 Projected Financial Performance

The municipality's financial performance and position is gradually improving for the following reasons:

- Budgets are being funded from the current financial year's revenues
- The municipality operates within its annual budget, as approved by Council.
- Improved revenue collection rates being achieved.

1.8.1.1 Operating Budget

In the 2012/13 financial year the municipality achieved as collection rate of less than 50% on the revenue billed in the year. This has to be maintained in the 2014/15 financial period, with still some challenges from household revenue collections. The municipality has since appointed a Debt collector to assist in the collection of its funds and I can agree within the small space of time an improvement has been shown.

1.8.1.2

On-going issues requiring monitoring and evaluation

The municipality is closely monitoring certain issues that could have a significant financial impact on future budgets. If one or more of them require substantial resources beyond what is included in the mid -term budget, the municipality will have to adjust its spending plans to maintain its financial position. Many of the items listed below could have major and permanent impacts on the operating budget, and would therefore require permanent

UMASIPALATI SUNDAYS RIVER VALLEY SUNDAYS RIVER VALLEY MUNICIPALITY

increases in revenue, or reductions in other services. Consequently, they should be carefully monitored and evaluated:

- Maintenance backlogs in roads, electricity and municipal properties
- Staffing requirements and the impact on the personnel expenditure target;
- Acceptance and implementation of funded mandates; e.g. Disaster management and Library Services;
- Improving on current collection rates especially household debt

In the last financial year Auditor general emphasised on the inclusion of non-cash items on the budget so as to avoid unauthorised Expenditure. These are the items like, Provision for bad debts, rates rebate and Impairment of assets (Depreciation).

1.9 BUDGET SUMMARY

The aim of the Budget Summary is to 'provide a concise overview of the proposed budget from all of the major financial perspectives (operating expenditure, capital expenditure, financial position and cash flow, and MFMA funding compliance).

The table provides a 'snapshot view' of the amounts to be approved by Council within the context of operating performance, resources utilised for capital expenditure, financial position, cash and funding compliance.

Taking the aforementioned budget strategy, assumptions and principles into consideration the 2014/15 to 2016/17 Budget was arrived at as follows: (see next page)

**UMASIPALATI SUNDAYS RIVER VALLEY
SUNDAYS RIVER VALLEY MUNICIPALITY**

QUALITY CERTIFICATE

I, Lonwabo Ngogo, Municipal Manager of Sundays River Valley municipality, hereby certify that the draft budget 2014/15 and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documentation are consistent with the Integrated Development Plan of the municipality.

L.M.R. NGOGO

MUNICIPAL MANAGER OF SUNDAYS RIVER VALLEY MUNICIPALITY – EC106


SIGNATURE

DATE: 31 March 2014

SUNDAYS RIVER VALLEY MUNICIPALITY
TARIFF STRUCTURE
FOR 2014/2015 FINANCIAL YEAR

PROPOSED TARIFF STRUCTURE FOR 2014/15						
	APPROVED TARIFFS 2012/2013	Approved TARIFFS 2013/14	Proposed TARIFFS 2014/15	PROPOSED TARIFFS 2015/16	PROPOSED TARIFFS 2016/17	
1. WATER						
Metered Water (rising block)						
0 to 6 Kl free (free basic service and Indigent subsidy)						
7 to 15 Kl	5.53	5.98	6.35	6.86	7.40	
16 to 25 Kl	6.49	7.01	7.44	8.04	8.68	
25 to 40 Kl	6.91	7.46	7.92	8.56	9.24	
41kl and greater	7.63	8.24	8.75	9.45	10.20	
41 to 55kl	8.23	8.89	9.44	10.19	11.01	
56 to 70 Kl	8.50	9.18	9.75	10.53	11.37	
70 toKl	8.72	9.42	10.00	10.80	11.67	
Water Sport fields per Kl	3.47	3.74	3.98	4.29	4.64	
Unmetered Water (standpipe)						
Water availability Charge Monthly	34.66	37.44	39.76	42.94	46.37	
Water availability Charge Annually	23.46	25.33	26.90	29.06	31.38	
	281.47	303.99	322.84	348.66	376.56	
Prepaid Meters per Kl	FBS	FBS	FBS	FBS	FBS	
Prepaid Meter water...						
7 to 15 Kl	6.49	7.01	7.45	8.04	8.69	
16 to 25 Kl	6.91	7.46	7.92	8.56	9.24	
25 to 40 Kl	7.63	8.24	8.75	9.45	10.21	
41 Kl and greater				0.00		
41 to 55kl	8.23	8.89	9.44	10.19	11.01	
56 to 70 Kl	8.50	9.18	9.75	10.53	11.37	
70 toKl	8.72	9.42	10.00	10.80	11.67	
				0.00		
				0.00		
				0.00		
All households receive 6 Kl water free per month as part of FBS						
				0.00		
				0.00		
				0.00		
Municipal Water Consumption						
0 to 6 Kl free (free basic service and Indigent subsidy)						
7 to 15 Kl	5.53	5.98	6.35	6.86	7.40	
16 to 25 Kl	6.49	7.01	7.44	8.04	8.68	
25 to 40 Kl	6.91	7.46	7.92	8.56	9.24	
41kl and greater	6.97	7.53	8.00	8.64	9.33	
41 to 55kl				0.00		
56 to 70 Kl	7.18	7.75	8.23	8.89	9.60	
70 toKl	7.28	7.86	8.35	9.02	9.74	
	7.34	7.92	8.42	9.09	9.82	
				0.00		
Water Credit for maintaining grass on pavements	37.85	40.88	43.41	46.89	50.64	
		0.00		0.00	0.00	
M/Mabida Water Availability and 8 Kl consumption	108.61	117.30	124.57	134.53	145.30	
				0.00		
Prepaid Meters basic charge plus Kl -4%	0.00	0.00		0.00	0.00	
Minimum purchase for prepaid	15.00	15.00	15.00	16.20	15.00	
Optional availability charge on prepaid purchases (%)	0.23	0.25	0.27	0.29	0.31	
Water Deposit	455.62	492.07	522.58	564.38	609.53	
Default advance payment (three time average consumption)				0.00		
Reconnection fee	516.00	619.20	743.04	802.48	866.68	
Disconnection fee	516.00	619.20	743.04	802.48	866.68	
Illegal connection fine	2508.00	3009.60	3611.52	3900.44	4212.48	
New connection Contractors fee + 20%	full cost	full cost	full cost	#VALUE!	full cost	
				0.00		
				0.00		
	439.05	474.18	503.58	543.86	587.37	
Basic Charge - built up erven	1877.53	2027.73	2153.45	2325.72	2511.78	
Basic Charge - not built up erven				0.00		
				0.00		
2. IRRIGATION WATER						
Sanitation per month	36.63	39.56	42.01	45.37	49.00	
suction services - Aqua/MM park- per load	57.77	62.39	66.26	71.56	77.29	
vip-tanker (per load)-PATERSON	115.54	124.78	133.52	143.12	154.57	
				0.00		

3. SANITATION

4. SEWERAGE

Households (1st and 2nd toilet included) p.a

Households (every additional toilet)

Businesses per toilet

Business Basic p.a

Churches per toilet

Church Basic

Hotels

Hotel Basic

Schools per toilet

Schools basic

Hospitals per toilet

Hospitals basic

Sewerage Blockages Normal Hours

Sewerage Blockages After Hours

Nightsoil

5. REFUSE

Households per month

No collection (pm)

Businesses

Garden refuse per load

Refuse Bags (20)

Fine for illegal dumping of refuse

Fine for illegal dumping of rubble

6. ASSESSMENT RATES

land and improvements- srvm-residential

land and improvements- srvm-business & industrial properties

land and improvements- state owned properties

agriculture

Valuation % phase in

Public Service Infrastructure

Rates Building Clause

Rates Clearance

Valuation certificate

Services rates- Informal Structure

Public Infrastructure less 30%

R25 000 rebate for all residential Properties

Rebates for pensioners and indigents*Please refer to our rates policy***7. ELECTRICITY**

Basic charge- h/h per room

Basic Charge- Business

Basic Charge NER approved+ 4% (Moses Mabida)

Availability p.a. 470&471

Minimum purchase for prepaid

Optional availability charge on prepaid purchases (%)

Free Basic Electricity (per 50 KWH)

Electricity service charge

Per Kw Prepaid

HOUSEHOLDS 422 & 423 & 425 VAT EXCL.

up to 300 Kwh

300Kwh to 700 Kwh

In excess of 700 Kwh

NEW INCLINING BLOCK TARIFFS FOR HOUSEHOLDS

up to 50 kwh

51 - 350 kwh

351 - 600 kwh

> 600 kwh

NEW INCLINING BLOCK TARIFFS FOR PREPAID

592.04	639.41	679.05	0.00	733.38	792.05
40.44	43.67	46.38		50.09	54.10
159.45	172.20	182.88		197.51	213.31
1035.69	1118.55	1187.90		1282.93	1385.57
93.59	101.07	107.34		115.93	125.20
330.44	356.88	379.01		409.33	442.07
92.43	99.83	106.02		114.50	123.66
473.71	511.61	543.33		586.80	633.74
424.03	457.95	486.35		525.26	567.28
329.29	355.63	377.68		407.90	440.53
547.66	591.47	628.14		678.40	732.67
568.46	613.93	652.00		704.16	760.49
127.09	137.26	145.77		157.43	170.03
254.19	274.52	291.54		314.87	340.06
34.08	36.81	39.09		42.22	45.60
63.22	68.28	72.51		78.31	84.58
34.88	37.67	40.01		43.21	46.66
112.92	121.96	129.52		139.88	151.07
ad hoc	ad hoc	ad hoc		ad hoc	ad hoc
20.80	22.46	23.85		25.76	27.82
2500.00	3000.00	3600.00		4320.00	5184.00
5500.00	6600.00	7920.00		9504.00	11404.80
0.00924	0.00998	0.01078		0.01164	0.01258
0.01144	0.01235	0.01334		0.01441	0.01556
0.01872	0.02021	0.02183		0.02358	0.02546
0.00231	0.00250	0.00270		0.00291	0.00314
0.00231	0.00250	0.00270		0.00291	0.00314
0.00924	0.00998	0.01078		0.01164	0.01258
57.75	62.35	67.33800		72.72504	78.54304
57.75	62.35	67.33800		72.72504	78.54304
0.00	0.00	0.00000		0.00	0.00
28.86	34.64	37.20		44.64	48.21
396.54	475.85	511.01		613.22	662.27
13.54	16.25	17.45		20.94	22.62
159.54	191.44	205.59		246.71	266.45
111.00	116.78	125.41		150.49	161.61
7%	7%	7%		7%	7%
	0.00			0.00	0.00
0.68	0.82	0.88		1.05	1.14
0.77	0.92	0.99		1.19	1.29
1.03	1.24	1.33		1.60	1.72
1.09	1.31	1.40		1.68	1.82

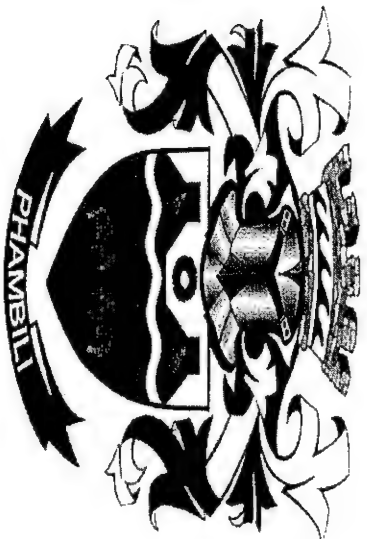
up to 50 kwh	0.68	0.82	0.88	1.05	1.26
51 - 350 kwh	0.77	0.92	0.99	1.19	1.43
351 - 600 kwh	1.03	1.24	1.33	1.60	1.92
> 600 kwh	1.09	1.31	1.40	1.68	2.02
Indigent households receives first 50 kwh free					
Electricity usage tower	133.66	160.39	172.24	206.69	248.03
ELECTRICITY BUSINESS, COMMERCIAL, INDUSTRIAL					
Conventional Meter					
up to 300 Kwh	1.07	1.28	1.38	1.65	1.79
300Kwh to 700 Kwh	1.14	1.37	1.47	1.76	1.90
In excess of 700 Kwh	1.20	1.44	1.55	1.86	2.00
Pre paid - Business					
up to 300 Kwh	1.07	1.28	1.38	1.65	1.79
300Kwh to 700 Kwh	1.14	1.37	1.47	1.76	1.90
In excess of 700 Kwh	1.20	1.44	1.55	1.86	2.00
Electricity KVA Consumption 150 KVA	220.54	264.64	284.20	341.04	368.32
Electricity KVA Consumption 264 KVA	220.54	264.64	284.20	341.04	368.32
Electricity KVA Consumption STD KVA	220.54	264.64	284.20	341.04	368.32
Electricity KVA Consumption 1100 KVA	220.54	264.64	284.20	341.04	368.32
Electricity KVA Consumption 500 KVA	220.54	264.64	284.20	341.04	368.32
Electricity KVA Consumption 315 KVA	220.54	264.64	284.20	341.04	368.32
Electricity KVA Consumption					
ELECTRICITY MUNICIPAL 444					
up to 300 Kwh	0.62	0.74	0.80	0.96	1.03
300Kwh to 700 Kwh	0.69	0.83	0.89	1.06	1.15
In excess of 700 Kwh	0.91	1.09	1.18	1.41	1.52
Service Charge					
ELECTRICITY MUNICIPAL 446					
up to 300 Kwh	1.07	1.28	1.38	1.65	1.79
300Kwh to 700 Kwh	1.14	1.36	1.46	1.76	1.90
In excess of 700 Kwh	1.20	1.44	1.55	1.86	2.01
Service Charge					
Electricity Municipal Service Charge1 458	19.64	23.57	25.31	30.38	32.81
Electricity Municipal Service Charge2 459					
Per unit	6.30	7.55	8.11	9.73	10.52
Service Charge	98.18	117.81	126.52	151.82	164.06
Electricity Street Lights 434	0.22	0.26	0.28	0.34	0.36
Electricity Deposit					
Household	1029.17	1235.00	1326.27	1591.52	1719.80
Business	2004.87	2405.84	2583.63	3100.36	3350.25
Default advance payment (three time average consumption)					0.00
Reconnection Fee	589.38	707.26	759.52	911.43	984.89
Disconnection fee	589.38	707.26	759.52	911.43	984.89
Illegal connection	2889.12	3466.94	3723.15	4467.78	4827.88
With installation of prepaid meter					
Large Consumer deposits (three time average consumption)					
New connection Contractors fee + 20%)					
TARIEF FOR BULK CONSUMERS (ON APPLICATION)					
KWH CHARGE HIGH SEASON - JUNE - AUG	0.83	1.02	1.10	1.32	1.43
KWH CHARGE LOW SEASON - SEPT - MAY	0.43	0.54	0.58	0.70	0.76
KVA CHARGE HIGH SEASON - JUNE - AUG	257.99	309.58	334.54	401.44	433.80
KVA CHARGE LOW SEASON - SEPT - MAY	156.42	187.70	202.83	243.40	263.02
NET WORK ALLECS UTAKAGE/KVA (MAXIMUM DEMAND 10 DE APPROVED BY SKM)	10.32	12.38	13.38	16.06	17.35
8. CEMETERY					
Cost of Site-other areas	114.10	123.20	147.84	159.67	172.44
Booking	15.95	17.20	20.64	22.29	24.08
Plot Town (Kirkwood, Paterson) Urban	251.05	271.10	325.31	351.34	379.45
Digging of 1,82 meter grave Cost R 271.00	399.40	431.35	517.62	559.03	603.76

9.	Digging of 2.43 meter grave	513.55	554.60	665.52	718.76	776.26
	Cremation Wall	285.30	308.10	369.72	399.30	431.24
	Removal of cement slab	171.15	184.85	221.82	239.56	258.73
	(Subject to Implementation Policy)					
10.	One month in advance rental	18.15	19.97	23.96	28.75	34.50
		apply	apply	apply	apply	apply
11.	Work Centre	194.00	209.50	251.40	301.68	362.01
	Brick Making Machine per day	68.45	73.90	88.68	106.42	127.70
	Concrete Mixer per day (own fuel)	68.45	73.90	88.68	106.42	127.70
	Concrete Mixer per day (Mun fuel)	ad hoc	ad hoc	ad hoc	ad hoc	ad hoc
	Squash Court	3880.15	4190.55	5028.66	6034.40	7241.28
	Stage	125.53	135.55	162.66	195.19	234.23
	Tower rental 10 years	10.90	11.75	14.10	16.92	20.31
12.	Swimming Pool	8.20	8.60	9.13	9.87	10.65
	Entrance Fee- Adults	5.80	6.10	6.48	6.99	7.55
	Entrance Fee- Children	457.80	481.60	511.45	552.37	596.56
	Hire of facility (10H00 to 15H30)	397.85	418.50	444.45	480.00	518.40
	Deposits	30.00	35.00	40.00	45.00	50.00
13.	Hawkers Stand p.m	0.80	0.85	1.38	1.46	1.58
	Fines	5.15	5.40	8.75	9.23	9.97
	Lost book	5.15	5.40	8.75	9.23	9.97
	fax transmission	0.50	0.55	0.89	0.96	1.03
	fax received	0.80	0.85	1.38	1.47	1.59
	Photocopies	0.80	0.85	1.38	1.47	1.59
	Library Books A4					
	Library Books A3					
	Own Books A4					
14.	Fire Services (Deliberate, own fault)					
15.	Library					
	Fines					
	Lost book					
	fax transmission					
	fax received					
	Photocopies					
	Library Books A4					
	Library Books A3					
	Own Books A4					

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SUNDAYS RIVER VALLEY MUNICIPALITY



DRAFT MTREF BUDGET FOR 2014/15 FINANCIAL YEAR

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SUNDAY'S RIVER VALLEY LOCAL MAYORS BUDGET SPEECH

Honourable Speaker
Executive members
Councillors
Traditional Leaders
Council of Churches
Community at Large
Officials

I greet you all in the name of service delivery.

The functions of the Council centres around promoting the interests of its ratepayers, employees residents and customers by striving to render the highest quality of services, advancing the interests of its employees by providing safe, secure and satisfying working environments.

A further important challenge facing Council is to improve the financial position of Sunday's River Valley Local Municipality. In particular an improvement in the collection of long outstanding debtor's balances is critical if the Council is to achieve its goals. The unfortunate part is that the unemployment rate in the area has worsened causing many residents not to be able to pay for services. Our ability to render services will be threatened in our financial status and we hope that workable solutions will be found soon.

As we strive towards impacting rural livelihood for the better in local Municipality of Sunday's River Valley, amongst the compliance issues is the submission of the MTREF budget as prescribed in section 126 of the Local Government: Municipal Finance Management Act 56 of 2003.

I therefore submit 2014/15 Draft Budget. The Council remains committed in improving its service delivery even though our budget is limited as the municipality is solely depending on grants and hoping to meet the challenges it faces and hopefully in future years, I will be able to report positively on the progress we have made in this regard.

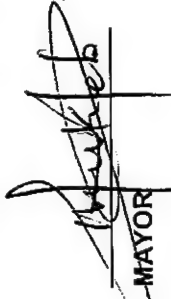
Following are the major activities that the municipality will be engaged in, in the 2014/2015 financial year.

- Installation of High must lights.
- Ensure the construction of roads.
- Alleviation of poverty through Free Basic Services to the Indigent communities.
- LED projects.
- EPWP projects.

The following projects are being implemented in phases they have already been started in the 2012/13 and 2013/14 financial year, but they will also continue in 2014/15 financial year.

- Pateson Bulk Water
- Paterson waste treatment
- Valencia Road and storm water
- Highmust lights
- Sportfields
- Renovation of parks and playing grounds
- Ceasor Dam Water treatment works
- Addo water treatment works

In conclusion I would like to ensure our community that though the budget is limited but Sunday's River Valley municipality will remain committed in improving its service delivery. I also would like to express my appreciation to my fellow Council members, the Municipal Manager, The Chief Financial Officer and all other staff for their support, cooperation and hard work during the preparation of the budget as well as IDP.


MAYOR

Date :

COUNCIL RESOLUTION

1. That in terms of section 24 of the Municipal Finance Management Act, 56 of 2003, the draft budget of the Sundays River Valley municipality for the financial year 2014/15; and indicative allocations for the two projected outer years 2015/16 and 2016/17; and the multi-year and single year capital appropriations are approved as set-out in the following tables:
 - 1.1. Budgeted Financial Performance (revenue and expenditure by standard classification);
 - 1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote);
 - 1.3. Budgeted Financial Performance (revenue by source and expenditure by type); and
 - 1.4. Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source.
2. That the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are adopted as set-out in the following tables:
 - 2.1. Budgeted Financial Position;
 - 2.2. Budgeted Cash Flows;
 - 2.3. Cash backed reserves and accumulated surplus reconciliation;
 - 2.4. Asset management; and
 - 2.5. Basic service delivery measurement.
3. That in terms of section 24(2)(c)(i) and (ii) of the Municipal Finance Management Act 56 of 2003 and sections 74 and 75A of the Local Government: Municipal Systems Act 32 of 2000 as amended, the tariffs for the supply of water, electricity, waste services, sanitation services and property rates as set out in annexure A, that were used to prepare the estimates of revenue by source, are approved with effect from 1 July 2014.
4. That in terms of section 24(2)(c)(iv) of the Municipal Finance Management Act 56 of 2003, the amendments to the integrated development plan , is approved
5. That the draft budget be approved subject to the proposals made by the Mayor to be considered in the final budget.

1. THE BUDGET 2014-2015 TO 2016-2017

This section contains an Executive Summary of the Sunday's River Valley Local Municipality's Budget followed by a more detailed explanation of its Operating and Capital components over the next three years.

1.1 EXECUTIVE SUMMARY

The Budget Process

The 2014/15 to 2016/17 Budget preparation commenced in August 2013 after Council approved a timetable for the IDP and Budget preparation process.

The Budget comprises both Operating and Capital Budgets, which is a requirement of the Constitution and the Municipal Finance Management Act (MFMA). Sections 1.8 and 1.9, present an overview of the Operating and Capital Budgets respectively, with high level tables, which provide an overall picture of the Municipality's finances.

One of the objectives of the budget timetable is to ensure integration between the development of the Integrated Development Plan (IDP) and the Budget. The IDP is the strategic plan of the Municipality and it is critical that the Budget enables the achievement of the IDP objectives. Table 1 illustrates the link between the IDP and Budget.

Assumptions

The assumptions and principles applied in the development of this Budget are based upon guidelines received from National and Provincial Treasury, regulatory institutions such as the National Electricity Regulator of South Africa (NERSA), the South African Local Government Bargaining Council SALGA and Circular No 66.

The IDP's strategic focus areas informed the development of the Budget, in addition to assessing the relative capacity to implement the Budget, taking affordability considerations into account. The aforementioned guidelines were considered appropriate to inform the development of the Budget.

Annual Budget

The Total Budget totals R 147 438 million, which funds the continued provision of services provided by the Municipality.

The municipality's own revenue base is very limited. The growth in the property market is stunted as a large proportion of the municipal area is rural, with very limited infrastructure that is ageing and dilapidating. Our current operating budget cannot handle the need to address infrastructure maintenance and backlogs. This requires substantial cash resources. The presidential intervention is the current solution at this point. In relation to staffing requirements, budget provisions are set aside on an annual basis, in order to fill vacant positions critical to service

delivery. The 2014/15 Budget has provisions repairing plant and machinery; this fleet will be operational and will assist in improving infrastructure maintenance.

Free Basic Services

The municipality is currently working with Cacadu DM and Co-ops in terms of improving its indigent register updates and Management of Indigent. Currently the municipality provides and has budgeted for the following benefits to registered indigent households:

- Electricity: A subsidy of fifty (50) Kilowatts of electricity per property per month to registered households will apply.
- Refuse Removal: A subsidy, not more than the applicable tariff for the 2014/15 financial year, will be applied for the duration of the financial year.
- Sanitation: A subsidy, not more than the applicable tariff for the 2014/15 financial year, will be applied for the duration of the financial year.
- Water: A subsidy of 6 Kiloliters of water per property per month to registered households will apply.

Capital Budget

The Capital Budget totals R26 million and this is funded mainly through revenue from operations (5%), Government grants (95%). Grants and subsidies are mainly the municipal infrastructure grant.

1.2 HIGH LEVEL PERFORMANCE OBJECTIVES FOR 2014/15

The more significant performance objectives, which informed the preparation of the Budget, will be included as part of the final budget submission.

1.3 MUNICIPAL FINANCE MANAGEMENT ACT (MFMA) AND RELATED LEGISLATIONS

Below are the legislative requirements that guide the budget preparation process:

Municipal Structures Act

The Municipal Structures Act (No. 117 of 1998) as amended, under section 56: Functions and Powers of Executive Mayor, states that the Executive Mayor shall-

- “(a) identify the needs of the municipality;
- (b) Review and evaluate those needs in order of priority;
- (c) recommend to the municipal Council strategies, programmes and services to address priority needs through the integrated development plan and estimates of revenue and expenditure, taking into account any applicable national and provincial development plans; and

- (d) Recommend or determine the best methods, including partnership and other approaches, to deliver those strategies, programmes and services to the maximum benefit of the community."

Legislation also requires municipalities to compile operating and capital budgets on an annual basis. The operating and capital budgets must balance (i.e. may not reflect a deficit) and must be prepared in accordance with the integrated development plan.

Municipal Finance Management Act

Section 16 (2) of the Municipal Finance Management Act No. 56 of 2003, (MFMA) dealing with legislative compliance regarding the tabling of the annual budget states inter alia that:

" .., the Mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

Section 21(1) of the MFMA, which deals with the Budget preparation process, stipulates that the Executive Mayor must-

"(a) co-ordinate the processes for preparing the annual budget and for reviewing the municipality's integrated development plan and budget-related policies to ensure that the tabled budget and any revisions of the integrated development plan and budget-related policies are mutually consistent and credible;

(b) at least 10 months before the start of the budget year, table in the municipal council a time schedule outlining key deadlines for-

(i) the preparation, tabling and approval of the annual budget;

(ii) the annual review of-

(aa) the integrated development plan in terms of Section 34 of the Municipal Systems Act;

and

(bb) the budget related policies

(iii) The tabling and adoption of any amendments to the integrated development plan and the budget related policies; and

(iv) Any consultative processes forming part of the processes referred to in sub-paragraphs (i), (ii) and (iii).

The approval of the Budget is regulated by Section 24 of the MFMA, which states as follows-

- (1) The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget;
- (2) An annual budget-
 - (a) must be approved before the start of the budget year;
 - (b) must be approved together with the adoption by the council of the resolutions as may be necessary for-
 - (i) imposing any municipal tax for the budget year;
 - (ii) setting any municipal tariffs for the budget year;
 - (iii) approving measurable performance objectives for each vote in the budget;
 - (iv) approving any changes to the municipality's integrated development plan; and approving any changes to the municipality's budget-related policies."

Below a discussion of the Municipality's progress relating to the implementation of the MFMA:

Implementation of the MFMA

The municipality has been implementing the provisions of the MFMA in accordance with a documented Implementation Plan. The municipality monitors its implementation status on an ongoing basis through reporting via its Committees, including the following:

- The Municipal Manager's Management Team includes all section 57 managers, which meets monthly and attends to MFMA issues requiring attention.
- The Finance and asset management committee – a standing committee of the Council, which meets monthly. The committee considers specific MFMA implementation issues and reports via the Mayoral Committee to Council.
- Meetings between the Municipal Manager, CFO and section 57 managers to discuss MFMA implementation issues, as and when necessary. Issues requiring attention are monitored so that actions are taken to ensure compliance.

The following reflects the status of implementation of some of the key MFMA areas:

IDP

The IDP review process is in progress and a draft 2014/15 IDP has been developed. The IDP includes specific deliverables that forms the basis for the Budget and SDBIP.

Budget

The annual budget document has been developed taking the MFMA and National Treasury requirements into account. Budgets are being tabled and approved within the required legislated timeframes.

Budget Reporting Formats

As part of its budget reforms, National Treasury released a budget formats guide. This budget formats guide has been imposed through Budget and Reporting Regulations, which specifies the required tables to be published with the municipality's budget document.

The objectives of the budget formats reforms are as follows:

- To ensure that municipal budget and financial reporting formats support the other financial management reforms introduced by the MFMA;
- To improve the local government spheres' ability to deliver basic services by –
- addressing issues of financial sustainability; and
- Facilitating informed policy choices and medium term planning of service delivery.
- To formalise the norms and standards governing municipal budget and financial reporting formats, so as to improve the credibility, sustainability, transparency, accuracy, and reliability of budgets and in-year reports of municipalities and municipal entities.

A description of the purpose and relevance of each budget table is provided further in this report.

SDBIP

The 2014/15 draft SDBIP document will be developed, taking into account the MFMA and National Treasury requirements. This document contains the specific performance measures relating to the IDP objectives, which are incorporated into the Budget. The content of the SDBIP is reflected in the Municipal Manager and the section 57 manger's performance contracts.

Annual Report

The Annual Report has been developed taking the MFMA and NT requirements into account. The 2012/13 Annual Report was tabled to the Council. The 2012/13 annual financial statements had regressed as the municipality moved from a qualified opinion to a disclaimer on the financial statements.